



Audit of the European Social Fund

Presentation by Rigsrevisionen





Organisation of the European Social Fund in Denmark 2000-2006

- Ministry of Economic and Business Affairs
- Danish Enterprise and Construction Authority (DECA) (Managing authority)
- 15 counties (Regional Managing authority) (closed January 1st 2007)
- Controller team (Independent Controller Team inside DECA)
- Private firm of accountants (contract with Deloitte)
- IT-system (OPUS) is used by projects, accountant and managing authority



Control according to Commission regulation 438/2001

- Article 4 controls are done by managing authorities
- Private accounting firm is doing part of the article 4 controls
 - Approval of the individual projects internal control systems
 - Visit to the project once in its lifetime
 - Review of the payment request 2 times a year
- Article 10 controls are done by independent controller-team, who is also responsible for presenting the art. 13 report.



Audit by Rigsrevisionen

- Rigsrevisionen has since 2004 done the following audits:
- Special report in December 2004 to the public accounts committee on “Administration of the European Social Fund in Denmark”
- Parallel audit on European Structural Funds with participation from Great Britain, Germany, Netherlands, Portugal, Sweden, Finland, Italy, Spain and Denmark. Report presented to the European Contact Committee for Supreme Audit Institutions in December 2004. (Report on CD-Rom)
- Yearly audits in 2006 and 2007 on the European Social Fund. These results has been used in Rigsrevisionens yearly declaration on the EU-funds in Denmark (FIFG, Regional Fund and FEOGA is also covered by the declaration)



Audit approach – Parallel Audit

- Focus on:
 - Audit trail
 - 5 % check
- Main results
 - In general a sufficient audit trail
 - Some weaknesses when examining individual projects
 - Unclear distinction between irregularity and simple error
 - Little focus on outcome of the project in progress reports
 - 5 % check was unevenly spread across the structural fund period



Audit approach – Special report (Dec. 04)

- Purpose was to audit the administration of ESF in Denmark, to see if the system complied with both national and EU-regulation.
- Focus was on
 - Control systems
 - Chosen audit model
 - Reporting and follow-up on irregularities
- Main results
 - Control systems was improved over the period 2000-2004
 - Project accounts was only reviewed by accountant, not audited
 - New practice was implemented on irregularities



Audit approach – Yearly audits ‘06 & ‘07

- Focus on:

2006

- Article 4 controls (documentation)
- Completeness of project files at managing authority
- Balancing the project system and the managing authorities central accounts
- Balancing grants and payments with the projects accounts

2007

- Transfer of files from the 15 counties to DECA
- Evaluation reports
- Closing of project files in the managing authority



Organisation in the new programme period

- One managing authority DECA
 - Two departments (West in Silkeborg and East in Copenhagen)
- One accountant for all projects (contracted)
- Independent controller-team



Questions?

- **We invite you to put forward your questions?**